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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

UNIVERSAL UNDERWRITERS
INSURANCE COMPANY

An Authorized Insurer.

Order No. D07-201

CONSENT ORDER
IMPOSING A FINE

FINDINGS OF FACT:

1. Universal Underwriters Insurance Company ("UUIC") is an authorized insurer writing disability, property, casualty, vehicle, surety, and marine insurance in the State of Washington.
2. In 2005 outside counsel engaged by UUIC's parent company retained consultants to undertake an assessment of premiums charged for certain new and renewal policies issued by UUIC in Washington and other states. The consultants examined the policy files for Unicover policies issued to be effective between January 1, 2002 through September 30, 2005, to identify policyholders who were charged a premium rate that was more or less than the rate allowed under UUIC's filed rating plan during this time period and to quantify the amount of any such overcharges or undercharges.
3. Rating errors were discovered by UUIC and self reported to the OIC with respect to Washington premiums that included premium calculations in which more than a twenty-five percent credit or debit had been applied and files in which individual risk rating plan factors were inadequately documented to support the premium charged.
4. UUIC reported to the OIC that the consultant identified 369 Washington commercial policy holders who had been charged premiums that were in excess of the amounts that were justified under UUIC's rate filings then in effect in Washington and 133 Washington commercial policy holders who were charged premiums that were less than the amounts that were justified under UUIC's rate filings then in effect.
5. UUIC voluntarily refunded the excess premiums to Washington insureds together with interest. No attempt was made to recoup or recover undercharges from Washington insureds.

CONCLUSIONS OF LAW:

1. RCW 48.05.185 authorizes the Insurance Commissioner to impose a fine in lieu of the suspension or revocation of a company's license.

2. UUIC committed the following violations of Washington law:
- a. By charging premiums that were not in accord with the rate filing then in effect, UUIC violated RCW 48.19.040(1) and (6).
 - b. By applying individual risk rating factors that combined to vary the base premium by more than twenty-five percent, UUIC violated WAC 284-24-100(2).

CONSENT TO ORDER:

NOW, THEREFORE, UUIC consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of UUIC's payment of a fine and such other terms and conditions as are set forth below:

1. UUIC consents to the entry of the foregoing Findings of Fact and Conclusions of Law and this Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;
2. Within thirty days of the entry of this Order, UUIC agrees to pay to the OIC a fine in the amount of \$10,000, \$7,500 of which amount will be suspended for a period of two years after the date of entry of this Order on the condition that the Company commits no further violations of the statutes and regulations which are the subject of this Order during the two-year suspension period. If the Company commits further violations of the statutes and regulations which are the subject of this Order during the two-year suspension period, then the entire suspended amount of the fine will become immediately due and payable, together with any such other and further fines and sanctions levied because of any such additional violation.

EXECUTED and AGREED this 10th day of July, 2007.

UNIVERSAL UNDERWRITERS INSURANCE COMPANY

By: Thomas A. Bradley

Printed Name: Thomas A. Bradley

Typed Corporate Title: President & CEO

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

ORDER OF THE INSURANCE COMMISSIONER:

Pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of \$10,000 upon Universal Underwriters Insurance Company. Of that amount, \$7,500 will be suspended for a period of two years after the date of entry of this Order on the condition that the Company commits no further violations of the statutes and regulations which are the subject of this Order during the two-year suspension period. If the Company commits further violations of the statutes and regulations which are the subject of this Order during the two-year suspension period, then the entire suspended amount of the fine will become immediately due and payable, together with any such other and further fines and sanctions levied because of any such additional violation. The unsuspended fine must be paid, in full, within thirty days of the date of entry of this Order. Failure to pay the fine and to comply with the stated conditions shall constitute grounds for revocation of UUIC's certificate of authority and may result in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington for any unpaid amounts due.

Executed this 29th day of April, 2007.

MIKE KREIDLER
Insurance Commissioner

By: 

Charles D. Brown
Staff Attorney
Legal Affairs Division

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